

MINUTES

BUDGET & FINANCE COMMITTEE

CITY OF BRANSON, MISSOURI

August 25, 2011

1) Call to Order

The regularly scheduled meeting of the Budget & Finance Committee met in the Municipal Courtroom of City Hall, Thursday, August 25, 2011 at 10:00 a.m. The meeting was called to order by Mayor Raeanne Presley.

2) Roll Call

Committee Members present were Mayor Raeanne Presley, Alderman Mike Booth, Alderman Dr. Rick Davis, David Strong and Bill Jones.

Absent was City Administrator Dean Kruithof.

Also present: Lori Helle, Jamie Rouch, Carl Garrett, Jerry Adams, Bill Derbins, Bill Tirone, Jeff Scott, and Nancy Haskin.

3) Discussion of Convention Center July 2011 financials.

Bill Derbins reported that July revenues were good. He reported that natural gas is now run to the building, but it is not connected yet. When this is completed, it will be metered giving much better expense information for the kitchen and the laundry. The laundry revenue is down due to business at both hotels being down in July.

Bill informed the committee that they have received three (3) bids for the staining of the exterior wood. One company that bid also cleans windows, so it could very cost effective to have the same company stain the wood and then immediately clean all of the windows. This was good news for the committee, and Bill stated they are trying to get this scheduled for September.

Bill stated the budget is completed and is being reviewed by Corporate, but he will get ballpark numbers to Lori next week. He also informed the committee that both Hilton Hotels had received the quarterly (2nd Qtr. 2011) Blue Energy Award. The awards are given out by region, and the Branson Hiltons won for Americas, which encompasses all of North and South America. The criteria on which the hotels were judged were Customer Relations, Team Member Relations, Community Relations, Sustainability, and Web Services. Congratulations galore go to the Hilton Promenade at Branson Landing and the Hilton Branson Convention Center. This is a great honor!

4) Regular Reports:

A. Minutes

Rick Davis moved to accept the notes of the 7-28-11 meeting as presented. This was seconded by Mike Booth. Motion carried.

B. Monthly Sales & Tourism Tax Reports

Carl Garrett gave a short overview of the monthly sales and tourism tax reports. Sales tax for August, representing June sales, was down 1.3% for the month and up .7% year to date.

Tourism tax received in July was relatively flat being down .3%, and down 3.7% year to date. July tourism tax represents June sales.

C. Presentation & Discussion of Monthly Financial Reports – July 2011

Lori Helle presented the July 2011 financials, stating expenditures were up due to the Branson Airport payment and the purchase of the old Branson High School. She informed the

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committee that the City will receive another bill from the Airport in October, and that it is not a budgeted expense. The money has not been appropriated.

5) Review of Disbursements & Approval of Disbursements \$50,000 and over. (July 28, 2011 (2); August 4, 2011; August 12, 2011 (2); and August 18, 2011).

Disbursements were acknowledged as presented. Bill Jones moved to accept the disbursements, seconded by David Strong. Motion passed.

6) Discussion of Lodging Occupancy Statistics.

Carl Garrett reminded the committee that the Finance Department maintains a list of all motels, hotels, condos, campgrounds, and vacation clubs that rent by the night to transients. The data base contains the maximum number of rentable rooms/campsites, gross receipts by month, and actual number of rooms rented by month for each of the Branson businesses. The problem is that only 37 or $\frac{1}{4}$ of the businesses provide the actual monthly rooms rented on a consistent basis. Approximately 44 businesses report the same type of information to Smith Travel, who then compiles a report that is available to consumers.

A significant amount of staff time is required to compile the data monthly and prepare the reports; and because of such a minimal response, Carl feels the time invested does not really provide reliable information.

After discussion, Bill Jones moved that the request for monthly room rental data be removed from the tourism tax report form beginning January 1, 2012. This was seconded by Mike Booth, motion carried.

7) Discussion of Time Share Units / Vacation Clubs.

Carl Garrett reported back to the committee in regard to questions that had been raised regarding sales tax on the sale of a deeded interest in a timeshare; sales tax paid on the fee charged by a vacation club; whether sales tax is collected and paid by a "vacation package seller"; and whether Missouri sales tax should be paid by a "vacation package seller" when package is to a non-Missouri destination. Carl posed these questions to Dave Zanone, Manager of Sales & Use Tax of the Missouri Department of Revenue. He provided a copy of the letter he received and reported that the answer is "NO" to all situations as stated above.

8) Discussion of Auditing of Business Tourism Tax Payments and License Fees.

Auditing of tourism tax payments and license fees is important, but with limited staff time, there have not been any on-site audits of Branson businesses this year. Carl continually does a "paper audit" by comparing what a business pays to the state in sales tax and their tourism tax payment. This is mainly done on theaters and lodging facilities. Typically, once contact is made with the business; they are notified there seems to be a discrepancy; and they are given an opportunity to file an amended return, their compliance from then on is greatly improved.

A discussion was held whether it would be feasible to hire an outside auditing firm to do the on-site audits. The pros and cons were discussed, and it was decided that the plan is actually already in place for additional help. An Accountant I was recently hired for the Finance Department, and part of the job description for this position is to assist Carl with business audits. The committee agreed to talk about this item again in approximately one year.

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9) Discussion of Community Development Fee/Tax.

The Community Development Fund fee/tax was again discussed. A number of motels and restaurants and possible other types of businesses, are continuing to charge ½% to 1% on sales. This practice began in the 1990's and was to be a voluntary contribution by the consumer, and was to be removed from the charge if the consumer requested.

The biggest issue is that the consumer is not well informed by signage, and it can be deemed to be fraud if it is represented as a tax and the information is not visibly posted that the fee is discretionary.

Carl had inquired of the Attorney General's office regarding this matter, and received a letter back that RSMo. Statute 407.020 addresses this matter. The City has no involvement with the CDF. **Carl is going to draft a letter for the Mayor to review. The letter, along with a copy of the letter from the Attorney General, may be shared with the Lodging Association and restaurants.**

10) Finance Director's Report.

Lori reported that only two motels, the Ramada Ltd. on Shepherd of the Hills Expressway and the Foxborough Inn were still open to the public, but unlicensed. If they do not get licensed, they will be shut down on Monday, 8/29.

She also informed the committee that the draft 2012 budget should be to the Finance Committee by October 1st. She asked the committee to let her know some dates they would be available for a Special Finance Committee to discuss the budget. She also reported that the total FEMA bills have come in a little over \$400,000, with the City responsible for 25% or approximately \$100,000. Lori reported that the City is in the process of hiring an attorney to collect bad debt, mainly on water and sewer accounts. He is willing to handle all collections for 1/3 of fee recovered. The committee felt bad debt should be reported to the three credit reporting agencies, and that a statement to that effect should be printed on all utility bills. David Strong recommended that some collection agencies should be contacted, stating they could probably do the collections for considerably less money. **Mr. Strong will provide Lori with the name of the agency used by Skaggs Hospital. David provided Lori with the information, and they have been contacted.**

11) Adjourn

The meeting adjourned on a motion by Mike Booth, seconded by Rick Davis. Motion carried. The next regular meeting will be held Thursday, September 22, 2011 in the Courtroom of City Hall.